**REMARKS**

The claims are claims 1, 35, 38 to 39 and 41 to 46 and 49 to 90.

Claims 1, 35, 37, 39, 41, 42, 43, 46, 52, 53, 56, 68 and 73 to 75 are amended. New claims 77 to 90 are added. Claims 1, 35, 39, 42, 43 and 46 are amended to further define the client history data. These claims now recite that client history data includes a personal client file for individually identified clients storing past purchasing records of the client. This subject matter is disclosed in the original application at page 8, line 31 to page 9, line 2. These claims have been further amended to recite identification of a personal client file corresponding to the client. This subject matter is disclosed in the original application at page 9, lines 12 and 13. Claims 37 and 41 are amended to recite that type of payment authorization is selected from among a plurality of differing types of payment authorizations. Claims 52, 53, 56, 68 and 73 to 75 are amended to specifically recite that the various processing functions are "to degrade signal quality." Claim 71 is amended to correct its dependency. New claims 77, 82, 85, 87 and 89 recite that the personal client file stores an indication of past purchases by the client following transmission of degraded digital audio/video signal. New claims 78, 83, 86, 88 and 90 recite three levels of signal degradation based upon whether the client often purchases, seldom purchases or is a new client. The subject matter of claims 77 to 80, 82, 83 and 85 to 90 is disclosed in the original application at page 11, lines 5 to 14. New claims 81 and 84 recite the types of payment instruments described in the original application at page 10, lines 16 to 19.

Claims 1, 35, 37 to 39, 41 to 46 and 49 to 76 were rejected under 35 U.S.C. 103(a) as made obvious by the combination of Kaplan

U.S. Patent No. 5,963,916 and Shah-Nazaroff et al U.S. Patent No 6,157,377. The OFFICE ACTION states Kaplan shows all of the limitations of the claims except for specifying the degraded signal for the samples and how the digital signal is processed. The OFFICE ACTION further states at page 2, lines 16 to 20:

> "Shah-Nazaroff et al. teaches, figure 5, a system and method for purchasing upgraded media features for programming transmissions. Figure 5 teaches the building of a client history which records the level of quality of a signal based on the price the client wishes to spend in order to increase profits by providing alternative quality products."

The OFFICE ACTION further states "it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to modify Kaplan system to select a defined quality level (degraded level) in order to increase profits by providing alternative quality products."

Claims 1, 35, 39, 42, 43 and 46 recite subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claims 1, 35, 39, 42, 43 and 46 each recite that the client history data includes "a personal client file for individually identified clients storing past purchasing records of the client." Claims 1, 35, 39, 42, 43 and 46 each recite identifying "a personal client file corresponding to the client" and defining a level of content degradation dependent upon the personal client file. Claims 1, 35, 39, 42, 43 and 46 each recite producing a degraded signal dependent upon this defined level of content degradation. The OFFICE ACTION points out no portion of either Kaplan or Shah-Nazaroff et al as teaching this subject matter. Note that Figure 5 of Shah-Nazaroff et al teaches transmission of differing qualities of audio/video data based upon a current selection. There is no teaching that the transmitted data quality depends upon data concerning prior purchases. The Applicants respectfully submit that neither Kaplan

nor Shah-Nazaroff et al include any teachings to make obvious this subject matter. Accordingly, claims 1, 35, 39, 42, 43 and 46 are allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claims 37 and 41 recite subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 37 recites "the client transmitting to the server identification of a type of payment authorization selected from among a plurality of differing types of payment authorizations" and "defining at the server a level of content degradation as a function of the identified type of payment authorization." Claim 41 recites "the client establishing communication with the server to identify the client and a client payment instrument to the server, the client payment instrument selected from among a plurality of differing types of client payment instruments" and "the server defining a level of content degradation as a function of said client payment instrument." This limitation is not taught in the combination of Kaplan and Shah-Nazaroff et al. Figure 5 and the corresponding text of Shah-Nazaroff et al teach only a single type of payment authorization. The varying quality of Shah-Nazaroff et al is based upon payment amount and not the type of payment authorization. This application teaches various payment types at page 10, lines 16 to 19. The Applicant submits that the Examiner has never pointed out any portion of Kaplan nor of Shah-Nazaroff et al as allegedly making obvious varying the quality of transmission based upon the type of payment instrument selected from among a plurality of types. Accordingly, claims 37 and 41 are allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 45 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 45 recites "the dialogue unit being operable to supply a packet decoder to the client over the network for decoding the digital video/audio signal" whereby the client can decode encrypted data packets

transmitted from the server. Claim 45 further recites "the client input stage is configured to corrupt the decryption key of any given data packet before the decoded data of that packet is transmitted from the input stage in a form playable by the reproduction system." The Applicants respectfully submit that the combination of Kaplan, Shah-Nazaroff et al and the known art fail to make obvious this subject matter. In particular, the OFFICE ACTION fails to point how the known art makes obvious an input stage configured to corrupt the decryption key as claimed. Further, the OFFICE ACTION provides no reasoning why this technique is obvious. Accordingly, claim 45 is allowable over Kaplan and Shah-Nazaroff et al.

Claim 49 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 49 recites "inserting noise into the digital audio/video signal to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for noise insertion to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 49 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 50 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 50 recites "frequency modulating the frequency domain representation of the digital audio/video signal." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for frequency modulation to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 50 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 51 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 51 recites "said step of frequency modulating includes one or more of the following frequency band rejection, frequency low pass filtering and frequency high pass filtering to effect a degradation of perceived signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for filtering to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 51 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 52 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 52 recites "phase inversion over at least one range of frequencies to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for phase inversion to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 52 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 53 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 53 recites "inserting masked sound contributions adjacent amplitude peaks of the frequency domain representation of the digital audio signal to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for masked sound insertion adjacent amplitude peaks to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as

claimed. Accordingly, claim 53 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 54 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 54 recites "mixing a signal with the digital audio/video signal before performing the discrete Fourier transform to effect a degradation of perceived signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes in a mixer before the Fourier transform unit to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 54 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 55 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 55 recites the frequency modulating includes "band-pass filtering to suppress frequency contributions lying outside a selected frequency range to effect a degradation of perceived signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for band pass filtering to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 55 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 56 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 56 recites "inserting masked sound contributions adjacent the mixing frequency to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for masked sound insertion adjacent to the mixing

frequency to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 56 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 57 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 57 recites "manipulating frames in the frame buffer to generate a degraded digital video signal." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes to manipulate frames in a frame buffer to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 57 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 58 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 58 recites "performing frame manipulation of held frames according to frame type so as to effect a degradation of perceived video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for frame manipulation to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 58 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 59 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 59 recites "varying the pixels of the data blocks of at least selected ones of held frames so as to effect a degradation of perceived video signal quality." The citation of OFFICIAL NOTICE fails to indicate why

one skilled in the art would use the known digital signal processes to vary pixels in blocks of data in selected frames to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 59 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 60 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 60 recites "varying the motion vectors of at least selected ones of the held frames so as to effect a degradation of perceived video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes to vary motion vectors of selected frames to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 60 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 61 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 61 recites "manipulating the objects of at least selected ones of the held frames so as to effect a degradation of perceived video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes to manipulate objects of selected frames to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 61 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 62 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 62 recites "switching individual channels within the multi-channel digital

audio signal to apply spatial modification to the digital audio signal so as to effect a degradation of perceived digital audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for spatial modification of multi-channel audio to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 62 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 63 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 63 recites "inverting the phase of at least one of the audio channels so as to effect a degradation of perceived digital audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for phase inversion of an audio channel to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 63 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 64 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 64 recites "adding together individual ones of the channels so as to effect a degradation of perceived digital audio/video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for adding channels together to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 64 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 65 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 65 recites "removing or attenuating of at least one of the channels so as to effect a degradation of perceived digital audio/video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes to remove or attenuate channels to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 65 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 66 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 66 recites "converting the n-bit digital audio signal into an m-bit digital audio signal where m is less than n so as to effect a degradation of perceived digital audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes to convert a digital signal to fewer bits to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 66 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 67 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 67 recites "time modulating the digital audio/video signal so as to effect a degradation of perceived digital audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for time modulation of the signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal

quality as claimed. Accordingly, claim 67 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 68 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 68 recites the time modulating includes at least one of "speeding-up or slowing-down the digital audio/video signal; changing in the value of data bits in volume, luminance or chrominance data contained within the digital audio/video signal; and lengthening of a sampling period of the digital audio/video signal." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known digital signal processes for a speed-up, slow-down, change in the value of data bits in volume, luminance or chrominance data, or a lengthening of a sampling period of the digital audio/video signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 68 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 69 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 69 recites "analog processing the analog signal creating a degraded analog audio signal having a degradation in perceived quality corresponding to said defined level of content degradation." Claim 69 recites the analog processing unit operates "to apply frequency domain modulation to an analog audio signal so as to effect a degradation of perceived audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known analog signal processes to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 69 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 70 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 70 recites "frequency domain modulating an analog audio signal so as to effect a degradation of perceived audio signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known analog signal processes for frequency modulation of the signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 70 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 71 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 71 recites "one or more of band-reject filtering, low-pass filtering, high-pass filtering and frequency-selective phase inversion to effect a degradation of perceived signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known analog signal processes for filtering of the signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 71 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 72 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 72 recites "adding a secondary signal to the digital audio/video signal so as to effect a degradation of perceived digital audio/video signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known signal processes for mixing or adding a secondary signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade

signal quality as claimed. Accordingly, claim 72 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 73 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 73 recites "generating the secondary signal to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known signal processes to generate a secondary signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 73 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 74 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 74 recites "said step of generating said secondary signal generates a noise generator to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known signal processes for noise insertion to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 74 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 75 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 75 recites "said step of generating said secondary signal generates a content-based audio signal to degrade signal quality." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known signal processes for content-based audio insertion to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed.

Accordingly, claim 75 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

Claim 76 recites subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claim 76 recites "said step of adding a secondary signal to the digital audio/video signal selects a level of the secondary signal mixed with the digital audio/video signal is determined by the degrade level signal." The citation of OFFICIAL NOTICE fails to indicate why one skilled in the art would use the known signal processes control of a secondary signal level mixed into the signal to degrade signal quality. The Applicants respectfully submit that the technology of the OFFICIAL NOTICE would be used to enhance signal quality rather than degrade signal quality as claimed. Accordingly, claim 76 is allowable over the combination of Kaplan and Shah-Nazaroff et al.

The Applicants respectfully submit that the Examiner's comments regarding the use of "standard digital processes in order to manipulate digital products" are not relevant. The OFFICE ACTION fails to point out where Kaplan and Shah-Nazaroff et al teach the use of "standard digital processes in order to manipulate digital products" in the manner recited in claims 49 to 76. The Applicants respectfully submit that the use of "standard digital processes in order to manipulate digital products" in a manner not previously known is patentable. Particularly, the claims recite the processing is to "degrade the signal quality." The OFFICE ACTION fails to point out "standard digital processes" used to effect this claimed signal degradation. The Applicants agree that one skilled in the art would immediately recognize that using the techniques recited in the claims would degrade signal quality. The Applicants dispute that the known art teaches use of the techniques claimed for the purpose of degrading the signal quality. The OFFICE ACTION provides no indication why one skilled in the art would be motivated to use the known techniques to degrade signal

quality as claimed. The teaching that the claimed signal quality degradation is advantageous comes only from this application. Thus the application of the techniques subject to OFFICIAL NOTICE is based upon impermissible hindsight. Accordingly, claims 49 to 76 are allowable over Kaplan and Shah-Nazaroff et al.

The OFFICE ACTION states at page 3, lines 5 and 10:

> "The examiner takes official notice the digital signal processes claimed are old and well known and are commonly used in order to manipulate digital products. This is admitted prior art based on previous prosecution history.
>
> "Based on the discussion above, it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to modify Kaplan system to use standard digital processes in order to manipulate digital products."

The OFFICE ACTION does not state that the technologies of the OFFICIAL NOTICE are used for the purpose of signal degradation as claimed. This limitation is more than a mere intended used phrase in claims 49 to 76. Base claim 35 recites "a processing core operable to apply a defined level of content degradation to the digital audio/video signal creating a degraded digital audio/video signal having a degradation in perceived quality corresponding to the defined degrade level signal of the dialogue unit." Thus the "intended use" phrase in claims 49 to 76 refers to the positive recitation of generation of a degraded signal in base claim 35. The technologies of the OFFICIAL NOTICE would be relevant to the subject matter of claims 49 to 76 only if these technologies are used to degrade signal quality as claimed. The OFFICE ACTION fails to state that these technologies are used for signal degradation. Thus claims 49 to 76 are allowable over the OFFICIAL NOTICE.

Claims 77, 79, 82, 85, 87 and 89 recite subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claims 77, 79, 82, 85, 87 and 89 each recite " the personal client file stores data indicative of a record of prior purchases of

audio/video products" and the degrade level is defined "dependent upon the record of prior purchases of audio/video products." Neither Kaplan nor Shah-Nazaroff et al include any teachings to make obvious this subject matter. Accordingly, claims 77, 79, 82, 85, 87 and 89 are allowable.

Claims 78, 80, 83, 86, 88 and 90 recite subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claims 78, 80, 83, 86, 88 and 90 each recite " a first degrade level for clients whose record of prior purchases of audio/video products following output of a degraded digital audio/video signal by said signal processing unit is high, at a second degrade level higher than the first degrade level for clients whose record of prior purchases of audio/video products following output of a degraded digital audio/video signal by said signal processing unit is low, and at a third degrade level intermediate between the first degrade level and the second degrade level for new clients without a record of prior purchases." Neither Kaplan nor Shah-Nazaroff et al include any teachings to make obvious this subject matter. Accordingly, claims 78, 80, 83, 86, 88 and 90 are allowable.

Claims 81 and 84 recite subject matter not made obvious by the combination of Kaplan and Shah-Nazaroff et al. Claims 81 and 84 each recite the plurality of payment authorizations "includes at least one selected from the group consisting of credit card, debit card, electronic cash, electronic check and smart card." Neither Kaplan nor Shah-Nazaroff et al include any teachings to make obvious this subject matter. Accordingly, claims 81 and 84 are allowable.

The Applicants respectfully submit that all the present claims are allowable for the reasons set forth above. Therefore early reconsideration and advance to issue are respectfully requested.

If the Examiner has any questions or other correspondence regarding this application, Applicants request that the Examiner contact Applicants' attorney at the below listed telephone number and address to facilitate prosecution.

Texas Instruments Incorporated
P.O. Box 655474 M/S 3999
Dallas, Texas 75265
(972) 917-5290
Fax: (972) 917-4418

Respectfully submitted,

Robert D. Marshall, Jr.
Reg. No. 28,527